



Form ADV Part 2A - Appendix 1  
Transamerica ALPHA  
Wrap Fee Brochure

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Two Liberty Place  
50 South 16<sup>th</sup> Street  
Suite 3700  
Philadelphia, PA 19102

(770) 248-3271

[WWW.TFACONNECT.COM](http://WWW.TFACONNECT.COM)

Transamerica Financial Advisors, LLC  
Mailing Center  
6400 C Street SW  
Cedar Rapids, IA 52499

This Form ADV Part 2A - Appendix 1 ("Wrap Fee Brochure" or "Brochure") provides information about the qualifications and business practices of Transamerica Financial Advisors, LLC ("TFA"). If you have any questions about the contents of this Brochure, please contact us at (770) 248-3271. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about TFA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "Firm" and type Transamerica Financial Advisors, LLC).

TFA is a federally registered investment adviser with the SEC. Registration with the SEC does not imply a certain level of skill or training.

## ITEM 2 – MATERIAL CHANGES

Item 2 provides a summary of material changes that were made to this Brochure since its last annual amendment on March 28, 2025.

Transamerica ALPHA officially closed to new business. However, current clients who own a Transamerica ALPHA account may add money to their existing account or, in limited circumstances, open a new Transamerica ALPHA account.

When TFA updates this Brochure with material changes, TFA will either send you a copy of the updated Brochure or offer to send you a copy (either by electronic means (email) or in hard copy form) within the required timeframe.

If you would like a copy of this Brochure, you may download it from the SEC's public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), download it from TFA's website at [www.tfaconnect.com](http://www.tfaconnect.com), or contact us at (770) 248-3271.

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## **ITEM 4 – SERVICES, FEES, AND COMPENSATION**

### **The Company**

Transamerica Financial Advisors, LLC (“we/our/us/TFA”) is a federally registered investment adviser (“RIA”) and has been registered with the SEC since 1991. TFA is also a broker-dealer and has been a member of the Financial Industry Regulatory Authority (“FINRA”) since 1984 as well as a member of the Municipal Securities Rulemaking Board (“MSRB”).

TFA offers investment-related products and advisory and asset management services to the retail public. TFA and some of its investment adviser representatives (“IARs” or “Financial Professionals/FPs”) also act in the capacity of broker-dealer and registered representatives (“RRs”) respectively. When TFA or an IAR is acting in a broker-dealer or registered representative capacity rather than providing investment advisory services, the fiduciary standard applicable under the Investment Advisers Act of 1940 generally does not apply to those brokerage activities.

TFA is directly owned by AUSA Holding, LLC, which is an indirect, wholly owned subsidiary of the ultimate parent, AEGON Ltd., a publicly traded company listed on the New York Stock Exchange (“NYSE”) and trading under the symbol AEG.

### **Advisory Services Offered**

In its capacity as an RIA, TFA offers access to third-party money managers who manage model portfolios on behalf of clients and wrap fee programs that offer clients access to fee-based investment management. TFA’s advisory services are made available to clients through individuals registered with TFA as IARs.

The information in this Wrap Fee Brochure only pertains to the Transamerica ALPHA Program (“Transamerica ALPHA” or “Digital Advice Program”). Transamerica ALPHA is no longer open to new business. However, current clients who own a Transamerica ALPHA account may add money to their existing account or in limited circumstances open a new Transamerica ALPHA account.

TFA IARs can offer clients other advisory services described in other Brochures. For more detailed information about these programs, IARs can provide clients with a copy of TFA’s Form ADV Part 2A or it can be accessed directly by visiting TFA’s public website at [www.tfaconnect.com](http://www.tfaconnect.com).

At the time of or prior to offering advisory services, an IAR will meet with the client to collect and analyze financial information to determine the client’s financial needs, time horizon, risk tolerance, investment objectives, and current investment strategies, if any. The IAR will then provide investment advice based on the analysis. TFA and its IRAs do not provide legal, tax or, accounting advice.

TFA does not take custody of client funds or securities, including stocks or bond certificates or cash.

When providing funding for a client's account, if the client is using a check, the client should only make any check payable to Apex. Clients should never make checks payable to their IAR or any entity other than Apex.

The IAR will also explain any special instructions for the management of the assets in a Transamerica ALPHA account; the investment management process, investment objectives, investment strategies undertaken as part of the service; and answer questions about the service. IARs will contact advisory clients at least annually to determine whether the account continues to align with the client's investment objectives and financial circumstances.<sup>1</sup>

TFA has an agreement with Betterment LLC ("Betterment" or "Sub-Advisor"), an unaffiliated registered investment advisor, whereby TFA sponsors Transamerica ALPHA using Betterment's internet-based platform. Transamerica ALPHA is a digital advice program under which clients receive investment portfolio recommendations and discretionary investment management of the assets held in their accounts. Betterment provides sub-advisory services to clients in Transamerica ALPHA, including the model portfolios recommended through the program's website. Additionally, clients delegate discretionary authority to Betterment to conduct day-to-day management and trading for their accounts. Clients can review Betterment's Wrap Fee Brochure, which contains additional information regarding Betterment's services, processes, and policies.

Clients should understand that Transamerica ALPHA is a digital offering and that the primary method of communication will be through the Transamerica ALPHA website and/or other digital interfaces that are available. The Transamerica ALPHA program offers clients the ability to participate in a centrally managed, goals-based investment advisory program that is made available through the Transamerica ALPHA web-portal.

TFA IARs and Betterment are responsible for providing ongoing guidance and advice for the suitability of the Program. Through the Betterment website, IARs and Betterment can review clients' investments and goals and provide advice to assist clients in achieving their investment objectives. The advice is limited to algorithms and is based upon the information clients provide through the Transamerica ALPHA web-portal.

Transamerica ALPHA uses Betterment's proprietary, automated, computer algorithms to create asset allocation portfolios for a client's goals and to provide certain services described in this Brochure, including:

- Determining the asset allocation to recommend to each client, based on the client information collected. Clients can elect to automatically update asset allocations for each goal as the goal date gets nearer.
- Providing trade orders in each client's account(s).

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<sup>1</sup> With the exception of the Transamerica ALPHA Standard Service Model accounts.

- Monitoring Transamerica ALPHA accounts regularly to determine whether to rebalance back to the target asset allocations based on parameters determined by Betterment in its sole discretion (current drift parameters vary based on the percentage of the client's portfolio that each asset class represents); and
- At a client's election, placing trades for tax loss harvesting purposes (as further described below).

The model portfolios are developed and overseen by Betterment, Vanguard, or TFA. Betterment seeks to create asset allocations that maximize returns for given levels of risk.

Betterment's Socially Responsible model portfolios may use socially responsible exchange-traded funds ("ETFs") for various asset classes at Betterment's discretion.

Vanguard's model portfolios are based on a long-term static asset allocation chosen at Vanguard's discretion.

TFA will not provide or review performance information to determine or verify its accuracy and does not calculate model portfolio performance. This information will be reviewed and provided by Betterment.

Transamerica ALPHA Stars portfolios will use ETFs to gain broad market exposures to both stocks and bonds which are diversified across asset categories, industries, and countries but with a heavy weighting toward the U.S. and with a bias in growth stocks over value stocks. The ideal client prefers less trading and higher tax-efficiency (long-term capital gains/losses rather than short-term). Risk management is based solely on stock-bond allocations rather than active management. ETFs used in each asset category will be periodically reviewed and replaced, if necessary, by TFA based on risk, returns, ratings, daily liquidity, fees, and other metrics as measured over select trailing time periods.

Under Transamerica ALPHA, TFA, and Betterment collect certain demographic information, financial information, initial and ongoing investment amounts, investment time horizon, and investment objectives to recommend an asset allocation for the chosen model portfolio comprised of ETFs that are diversified across multiple asset classes. The model portfolios TFA defaults to are TFA's ALPHA Stars portfolios, which consist of a set of diversified stock and bond allocations through ETFs. Clients also have the option to alternatively select from Betterment Core Portfolios, Betterment Socially Responsible Portfolios, or Vanguard Portfolios. The percentage of stock and bond allocations is based on the answers to the information collected from the client. Clients have the option of accepting the model asset allocation recommended by the algorithm or adjusting the parameters for the purpose of receiving a different model asset allocation. Adjusting the parameters may lead to an allocation that is not risk appropriate for such clients.

To participate in the Digital Advice Program, clients must establish an account with Betterment Securities, an affiliate of Betterment. The account is a brokerage account that is opened when the client enters into a separate customer agreement with Betterment Securities to act as the introducing broker-dealer for all transactions executed under the Digital Advice Program. Please refer to “Brokerage Practices” below for additional information. TFA and its IARs are not a party to this agreement.

Assets in Transamerica ALPHA accounts will be managed on a discretionary basis by Betterment in accordance with the model portfolio selected by the client.

In order to permit time to ensure that the transfer of assets from a client’s existing bank, brokerage, or custodial account into a client’s account has been successfully completed and to complete any other required processing, there may be a delay of typically no more than 5 business days between the time the applicable deposit is credited to the account and the time when Betterment begins to place orders to purchase ETFs for the account. As a result, the deposit or transfer made will generally not be invested immediately upon opening an account and clients will not be subject to investment gains or losses resulting from the movement in market prices until the processing is completed. Fees are not assessed until assets are invested in the program’s model portfolios.

TFA requires a minimum asset value of \$10.00 for a Transamerica ALPHA Program account to begin being managed. Note that an account will not be invested according to a model portfolio until the applicable minimum for the model portfolio and allocation has been reached.

Clients may impose reasonable investment restrictions on the management of their accounts. If a requested investment restriction is deemed to be unreasonable, or if TFA determines that a previous restriction has become unreasonable, TFA will notify the client that, unless the instructions are modified, TFA may reject or terminate the client relationship at its discretion and upon notification to the client pursuant to the notification terms in the applicable Brochure and this Appendix.

Clients should notify their TFA IAR if there are changes to their financial or demographic information, financial objectives, or any other information previously provided, so that the IAR can help the client assess whether the selected model portfolio is still appropriate based on the client’s stated investment objectives, investment time horizon, risk tolerance and any other pertinent factors. IARs will contact clients at least annually to determine whether the account continues to align with the client’s investment objectives and financial circumstances.<sup>2</sup>

Transamerica ALPHA also offers tax-loss harvesting services to clients who opt for this service. Betterment will use algorithms to analyze tax-loss harvesting opportunities (such as gains or

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<sup>2</sup> With the exception of the Transamerica ALPHA Standard Service Model accounts.

losses) and wash sale management. Clients, and not TFA, are responsible for any tax consequences or tax or filing obligations resulting from the sale of securities in their account and from their election of tax-loss harvesting, if applicable. The tax-loss harvesting service does not provide a comprehensive tax management solution. Clients should consult their tax advisor prior to making any decision that may affect their tax obligations. TFA, TFA IARs, and Betterment do not provide tax advice.

Within the Transamerica ALPHA program, clients will participate in a Standard or Premier Service Model. Specific features and services of each are outlined below:

Features and Services	Transamerica ALPHA Standard	Transamerica ALPHA Premier
Personal One-on-One Advice <sup>3</sup>	Upon Request	Yes
Automated Rebalancing	Yes	Yes
Automated Tax Loss Harvesting	Optional	Optional
Tax Coordinated Portfolios (Auto Asset Placement) <sup>4</sup>	Optional	Optional
Advisor Led Annual Reviews	Upon Request	Yes
Aggregated Reporting of Held-Away Assets <sup>5</sup>	Yes	Yes
Easy-to-Use Internet-Based Platform & Live Customer Support via Phone or Email	Yes	Yes

This is not intended to represent a comprehensive list of all features and services available through the Standard or Premier Service Models of the Transamerica ALPHA program. If clients need clarification on which service model they are enrolled in would like to switch between Standard or Premier, clients should contact their TFA IAR.

### Brokerage Practices / Trade Execution

In connection with the client’s participation in Transamerica ALPHA, the clients have authorized all trades to be placed with Betterment Securities, in its capacity as an introducing broker-dealer, to be

<sup>3</sup> Personal One-on-One advice will include, but not be limited to, advising clients on personal “What If?” scenarios, offering behavioral coaching, and providing life events consultation along with ad hoc advice.

<sup>4</sup> Tax Coordinated Portfolios are not designed to, and do not, provide comprehensive tax advice to clients. Clients are solely responsible for the determination of whether, and when, to enable these features in their accounts, as well as any tax consequences arising from any transaction associated with these features.

<sup>5</sup> Betterment will not base its recommendations on external accounts that clients sync to their Betterment account via Betterment’s online interface. Clients should also understand that use of this feature is not directly incorporated into a client’s Transamerica ALPHA investment strategy or performance

cleared and settled through the custodian Apex Clearing Corporation (“Apex”). Millennium Trust Company will serve as the custodian for qualified retirement accounts. Clients will bear the risks associated with these transactions and should understand that Betterment will send all trades to Betterment Securities for execution (which will use Apex for clearance and settlement) even if the use of a different broker-dealer may result in lower prices or more favorable execution. Clients will receive the price at which such orders are executed in the marketplace.

Each client participating in the Transamerica ALPHA Program is required to enter into a brokerage account agreement with Betterment Securities to open an account that will hold the client’s assets covered by the program. Clients also direct that all orders for the purchase or sale of securities in their accounts will be introduced to Apex by Betterment Securities and settled and cleared by Apex. By directing trades in the foregoing manner, TFA will not be able to: (i) select broker-dealers on the basis of price or other attributes; (ii) negotiate commissions or negotiate the price or quality of the custody, settlement and clearing services provided by Apex Clearing; or (iii) aggregate or “batch” orders for purposes of execution with orders for the same securities for other accounts managed by TFA which are not executed by Betterment Securities or settled and cleared by Apex. As a result, certain transactions may result in less favorable net prices on the purchase and sale of securities than would be the case if TFA were able to select other broker-dealers. The ability to achieve best execution may be partially or wholly limited by the nature of the directed brokerage arrangement, and clients may not achieve executions of the nature, quality, speed, or price that might otherwise occur. As a result of the foregoing, a client’s account might not generate the returns it would if orders were not directed. However, since management of the account occurs via a bundled fee arrangement that includes the costs of Betterment Securities’ execution services and Apex’s settlement and clearance services, the use of Betterment Securities and Apex should not result in additional brokerage fees to a client.

Clients authorize TFA and Betterment to aggregate purchase and sale orders for securities held (or to be held) in client accounts with similar orders being made on the same day for TFA’s and Betterment’s other accounts which are also custodied or cleared through Apex. Betterment may aggregate trades for clients and transmit “batched” orders to reduce market impact and to obtain best execution. In some cases, aggregating orders may adversely affect the size of the position obtainable, and in some cases, clients would receive better price execution if they did not participate in a batched order. Clients do not pay separate fees for trade execution, clearance, settlement, or custody services received under the Transamerica ALPHA Program. Additional details about trade execution, account maintenance, and asset custody may be found in Betterment’s Wrap Fee Brochure.

Betterment generally trades on the same business day as it receives deposits or withdrawals. However, transactions will be subject to processing delays in certain instances. For example, orders initiated on non-business days or before/after trading hours (prior to 9:30AM EST or after 4:00PM EST) will not transact until the stock market opens (9:30AM EST) that same day or the following

business day.

Each trading day, Betterment's trading team conducts a market assessment prior to market open to review items such as, but not limited to, market volatility, bid-ask spreads, and ETF market prices. Should Betterment's trading team decide during their market assessment that factors in the market are causing heightened volatility, they have discretion to not trade or halt trading until they believe pricing has normalized. Betterment may, at any time and without notice to TFA or the client, delay or manage trading in response to market volatility.

Betterment has a practice of generally not placing trades during approximately the first thirty minutes after the opening of any market session to avoid periods of market volatility. Betterment also generally stops placing orders arising from model portfolio allocation changes (including rebalancing and increasing or decreasing the exposure to asset classes) approximately thirty minutes before the close of a market session. Betterment will continue to place orders associated with withdrawals and deposits until the market closes.

Client account deposits are automatically subject to a processing period that may be up to five business days or longer. Deposit-related transactions will not occur until the next business day after this processing period is complete.

Clients should refer to Betterment's Wrap Fee Brochure for additional details regarding its portfolio management practices.

### **Fees and Compensation**

Clients pay an annualized wrap fee for the ongoing services of TFA and Betterment which include, but are not limited to investment advisory services, the execution of transactions, and other administrative and custodial services.

Two service model options are available to clients: a Standard Service Model and a Premier Service Model, each priced as follows. Clients with \$10,000 or less in total assets invested in the Program will be placed in the Standard Service Model.

Service Model	Assets Billed	Client's Total Fees Total Fee (Wrap Fee)	Betterment's Portion of Total Fee	TFA's Portion of Total Fee
Transamerica ALPHA Standard	All Assets	0.65%	0.25%	0.40%
Transamerica ALPHA Premier	First \$10,000 All Assets over \$10,000	0.65% - 0.95% <sup>6</sup>	0.25%	0.40% 0.70%

TFA will pay the IAR a portion of its fee according to a compensation grid that may change from time to time. The total fee charged may be higher than the fees charged by other investment adviser firms for similar services. For instance, Betterment offers direct-to-consumer services similar to Transamerica ALPHA. Therefore, clients would pay a lower advisory fee for algorithm-driven, automated ("Digital Advisor") investment advisory services by investing directly with Betterment or other similar Digital Advisors but would not receive the personal advice provided by TFA IARs. The relative cost of the Transamerica ALPHA program is affected by such factors as the administrative costs associated with wrap fee arrangements, the fees charged when investment adviser and brokerage services are purchased separately, and the size of a client's account.

The Wrap Fee does not include certain fees and charges associated with securities transactions, including the following: (i) charges imposed by law; and (ii) internal charges and fees, including redemption or short-term trading fees, that may be imposed by any collective investment vehicles, such as mutual funds, closed-end funds, or exchange-traded funds (clients pay a pro-rata portion of such fees, which are in addition to the fees paid to TFA under the program).

For clients with multiple accounts in Transamerica ALPHA, the applicable service model will be determined based on the combined assets in all accounts within Transamerica ALPHA by the client with matching social security numbers ("SSN"). For joint accounts with multiple SSNs, all accounts with a matching SSN will be included as part of the combined assets calculation. For trust accounts, all accounts matching the trustee's SSN (not the trust's Federal tax ID number) will be included as part of the combined assets calculation. Please refer to the account establishment paperwork for Transamerica ALPHA for additional details on aggregating fees and expenses.

The Wrap Fee is accrued daily in arrears by applying the applicable advisory fee rate (0.65% or 0.95%) to the average portfolio value of all assets of client's account as of the close of each calendar day.

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<sup>6</sup> TFA's portion of the client's total fee within Transamerica ALPHA Premier may be negotiable.

Monthly, Betterment will calculate the applicable Wrap Fee and will automatically deduct the amount due from a client's account. The model portfolios in the Transamerica ALPHA program do not have an allocation to cash. Accordingly, securities will be sold monthly to pay for the Wrap Fee. In non-tax qualified accounts, such sales may result in a taxable event for clients. Clients are solely responsible for all taxes payable in connection with the sale of securities in their account(s). Clients should consider such tax ramifications before deciding to participate in the program.

Additional assets may be added at any time and will result in an adjustment to the Wrap Fee with respect to such new assets prorated from the date of the addition. Withdrawals of assets may be made at any time. The proceeds of a withdrawal will be delivered to the client after the time necessary for the resulting trades to clear and settle.

### **Custodian Fees and Charges**

The custody fee charged by Betterment Securities will be paid out of the Wrap Fee.

### **Additional Fees and Charges**

All fees paid to TFA or Betterment are separate and distinct from the fees and expenses charged by ETFs to their shareholders. These fees and expenses are described in each ETF's prospectus. All ETFs held within the Transamerica ALPHA account have ongoing expenses that will impact the return received by the client's account. The ongoing expenses include management fees, distribution expenses, shareholder servicing, and other similar fees and are automatically deducted by the ETF daily. The ETF's charges and expenses are subject to change. An explanation of the ETF charges and expenses are provided in each ETF's prospectus for client review. Clients should read each ETF's prospectus carefully.

### **Changes in Fees**

TFA, at its discretion, may revise TFA's portion of the Wrap Fee with 30 days prior notice to clients which may increase the fees paid by the client. A client will be deemed to have approved a fee change unless he or she objects to the fee change by sending written notice to TFA within 30 days from the date of the fee increase notification. We also may negotiate, discount, or waive any fees associated with the Transamerica ALPHA program, at our discretion with no notice. Furthermore, TFA employees and employees of affiliates may be entitled to fee discounts by virtue of their employment.

### **Account Information**

Either TFA or a client may terminate the investment management agreement at any time with written notice, effective as of the date of the notice, and thereby terminate an account under the Transamerica ALPHA program. Upon termination of the agreement, Betterment is authorized by client via the Client Services Agreement to redeem or otherwise liquidate any investments in the account and disburse the proceeds to the client. Such redemption or liquidation will affect the asset allocation and/or market value of the account and may also have tax consequences. The client may

alternatively request transfer of assets to a broker-dealer other than Betterment Securities by submitting a request to Betterment in a form determined by Betterment Securities. Certain assets held in the account may not be accepted by another broker-dealer and, therefore, may need to be liquidated and not transferred in-kind. Betterment and TFA shall not be liable for any losses caused by the liquidation of securities pursuant to the termination of the investment management agreement, including but not limited to any tax liabilities.

**Conflicts of Interest**

TFA and IARs will receive a portion of the Wrap Fee for ongoing advisory, administrative, and marketing services related to the program.

Two service model options are available to clients: a Standard Service Model priced at 0.65% and a Premier Service Model priced at 0.95% on assets above \$10,000 and 0.65% for assets \$10,000 and below (based on the combined assets in all accounts within Transamerica ALPHA held by the client). Of the 0.65% in the Standard and Premier Service Models, TFA will receive an annualized fee of 0.40% for its investment advisory, administrative, and other services and Betterment will receive 0.25%. Of the 0.95% in the Premier Service Model, TFA will receive an annualized fee of 0.70% and Betterment will receive 0.25%. The Total Annual Advisory Fee charged may be higher than the fees charged by other investment advisor firms for similar services. For instance, Betterment, offers direct-to-consumer services similar to Transamerica ALPHA. Clients would pay a lower advisory fee for algorithm-driven, automated (“Digital Advisor”) investment advisory services by going direct to Betterment, or other similar Digital Advisors. TFA reserves the right to waive or lower the fee in certain case at its discretion with notice to clients as provided or in this Brochure.

TFA sponsors and manages various other investment advisory programs, which provide clients with a mix of investment advisory and related services that may cost clients more than participating in the Transamerica ALPHA program.

**ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

TFA provides investment advisory services to individuals, pensions, profit-sharing plans, trusts, estates, charitable organizations, corporations, and other businesses. The following minimum amounts are required to establish and maintain an investment in a diversified portfolio under the Transamerica ALPHA program:

Service Model	Investment Minimum
Transamerica ALPHA - Standard	\$10
Transamerica ALPHA - Premier	\$10,000

Clients with \$10,000.00 or more in investable assets are not required to select or maintain the Premier program. Such clients do have the option of selecting which program is best for their individual needs.

TFA has established conditions for maintaining accounts. Specifically, advisory clients must complete an investor profile. This profile provides TFA with information such as name, address, date of birth, and other information used to identify clients. TFA may use third-party sources to verify and/or update the information provided and may also request to see a client's driver's license or other identifying documents.

The ideal client for the Transamerica ALPHA Stars strategy wishes to invest in a diversified portfolio with both equity and bond ETFs to seek a balance of returns with risk. The targeted balance between stocks and bonds (and between returns and risk) will initially be set based solely on the time remaining until the target goal date. For goals with a closer target date, a heavier initial weight to bonds is used to reduce the historically higher risk due to stocks. To automate the adjustment of the initial weights so that the portfolio is automatically rebalanced to hold more bonds and less stocks as the target date gets closer, the client must have the "Auto Update" feature turned on.

## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

TFA serves as the investment advisor for the Transamerica ALPHA program. Betterment serves as the Sub-Advisor. Clients, working with their TFA IAR, inform Betterment of the client's financial goals and personal information and Betterment's algorithm then recommends and builds a portfolio of ETFs for each of the client's financial goals and account types. Each portfolio is associated with a target allocation (the "Allocation") of investment types and/or asset classes. Betterment's Investment Committee oversees this process and has approved each potential portfolio and the ETFs in such portfolio. To reduce costs in the Transamerica ALPHA program, ETFs are utilized.

TFA IARs assist clients with the selection of one or more model portfolios based on the client's investment needs. Except for the Transamerica ALPHA Stars Strategy, Betterment is responsible for maintaining all model portfolios available through the Transamerica ALPHA program and ensuring that changes to the models are implemented appropriately for the client's accounts, which includes taking into consideration any reasonable restrictions set forth by a client. TFA does not guarantee the performance of the model portfolios developed by Betterment.

TFA's IARs do not act as portfolio managers under the Transamerica ALPHA program or participate in the design of the model portfolios. TFA IARs do not exercise discretion over any client account. Neither TFA nor its IARs have an interest in or receive remuneration based on any model portfolio's target allocation. Neither TFA nor any of its IARs manage, control, supervise, or otherwise exert any influence over the managers of the ETFs purchased in client accounts under the Transamerica

ALPHA program.

### **Analysis**

TFA conducts ongoing due diligence for existing Sub-Advisors which is presented to the TFA Investment Committee.

Betterment uses diversified asset allocation models for the purpose of managing each client's account. Betterment's proprietary algorithm generates recommendations of the model portfolio based on the client's financial circumstances, risk tolerance, time horizon, and goals. Each model portfolio corresponds to a specific set of asset classes and allocation of ETFs among those asset classes (which may differ if the account is taxable or non-taxable).

Clients, working with their TFA IAR, are free to accept Betterment's recommended model portfolio or choose their own model portfolio within the Transamerica ALPHA program based on their own preference or risk tolerance. Clients who seek to deviate from Betterment's recommended allocation will receive feedback from Betterment as to why the recommended allocation might better match their investment objectives/goals. Betterment manages a client's account according to the model portfolio the client selects. Clients should understand that the Transamerica ALPHA program is not designed to provide clients with a comprehensive financial plan, but rather is built to assist clients in meeting specific investment goals. The model portfolio recommendation is highly dependent on receiving accurate information from clients. If clients provide inaccurate information, it will materially impact the quality and applicability of Betterment's recommendation.

Betterment rebalances client portfolios so that, in the face of fluctuating market prices, each client's portfolio remains within a narrow range of the recommended allocation based on the client's stated investment goals and objectives. Clients can request that their accounts only rebalance in response to additional cash flows. To participate in the Transamerica ALPHA program, clients agreed to have their dividends automatically reinvested in accordance with their allocation.

Transamerica ALPHA Stars Strategy invests in a diversified portfolio of both stock and bond ETFs in a blend that seeks to balance returns with risk. The balance between stocks and bonds and between returns and risk will be based solely on the time remaining until the target goal date with risk management taking more precedence as the goal date approaches. To automate rebalancing of the portfolio as the target date approaches, the client must have the "Auto Update" feature turned on. The strategy will hold equities throughout a bear market and will NOT seek to reduce equity downside during such time. The strategy will instead seek tax efficiency by reducing trading frequency and preferring long-term gains and losses over short-term gains and losses.

Investments are allocated on a long-term buy and hold basis to a select group of U.S. and international stock and bond categories. One or two ETFs are purchased and held for each category.

These ETFs are reviewed by TFA periodically and are replaced on an as needed basis based on a review of the ETF's ratings, returns, downside risk, daily liquidity, and other measurements.

### **Investment Strategies**

Model portfolios generally provide exposure to both fixed income and equity markets. More conservative model portfolios tend to have a more substantial weighting in fixed income investments, while more aggressive portfolios tend to have greater exposure to equities. Equity markets have historically provided greater potential for long-term growth but tend to be more volatile when compared to investments in fixed income. Fixed income investments have historically been less volatile than equity markets but have not historically provided greater long-term returns when compared to equity investments.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Individual client information gathered during the establishment of the account (demographic information, financial information, initial/ongoing investment amounts, investment time horizon and investment goals) is accessible by TFA and Betterment and is used in recommending an asset allocation to a client, however it is not used by TFA or Betterment in creating or managing the model portfolios.

Client information will be retained by TFA for us to continue to ensure that model portfolios used in client's Transamerica ALPHA account(s) are appropriate for each client's stated risk tolerance and investment objectives. It is important that clients notify their TFA IAR of any updates to their risk tolerance and/or investment objectives in a timely manner. Client information is not provided to the Model Managers.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

The services under the Transamerica ALPHA program are provided primarily through the Betterment website located at [www.betterment.com](http://www.betterment.com). Generally, clients will not have any direct contact or consultation with the Model Manager.

## **ITEM 9 – ADDITIONAL INFORMATION**

### **Risks**

All investments in securities include a risk of loss of clients' principal. Stock markets and bond markets fluctuate over time and clients may lose money. Clients should be prepared to lose money invested in the account. Investments are not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. This does not include the Betterment Everyday Checking and Betterment Everyday Cash Reserve. For more information regarding Betterment

Everyday Checking and Betterment Everyday Cash Reserve, please refer to Betterment's ADV and other disclosure documents. You may lose money by investing in investment products.

The investment strategies utilized in the Transamerica ALPHA program pose risk, and many factors affect each investment and each account's performance. Investments or accounts are also subject to volatility in non-U.S. markets through either direct exposure or indirect effects in the U.S. markets from events abroad. Investments or accounts that have exposure to debt are subject to risks of prepayment or default, and ETFs that pursue strategies that concentrate in industries or are otherwise subject to segments of the market may be significantly impacted by events affecting those industries or segments. In addition, the investments in your account may be subject to the following specific risks:

#### **Investing in ETFs**

Account bears all the risk of the investment strategies employed by the ETFs held in the account, including the risk that an ETF will not meet its investment objectives. For the specific risks associated with a particular ETF, please see its prospectus.

#### **Investing in Environmental, Social and Governance ("ESG")**

ESG investing, also known as "socially responsible investing," focuses on the social values or environmental, social, and governance standards or the sustainability factors of an investment. Some investment strategies use criteria to supplement financial analysis when considering a particular issuer or security, while others affirmatively select "socially responsible" investments or screen out or exclude investments in companies that engage in certain activities. This may limit the type and number of investments available in a strategy and cause the strategy to underperform other strategies without an ESG based focus or with a focus that involves a different type of focus or screening methodology. ESG strategies may underperform the market as a whole. Companies and issuers selected in a ESG based strategy may not or may not continue to demonstrate ESG based characteristics.

#### **Reliance on Technology and Cybersecurity**

Certain investment activities and investment strategies in the Transamerica ALPHA program are dependent upon algorithms, as well as other various computer and telecommunications technologies, many of which are provided by or are dependent upon third parties such as Betterment and data feed, data center, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities of TFA on behalf of its clients, could be severely compromised by system or component failure, telecommunications failure, power loss, a software-related "system crash", fire or water damage, human errors in using or accessing relevant systems, unauthorized system access or use (e.g., "hacking"), computer viruses, or various other events or circumstances. It is not possible to provide foolproof protection against all such events, and no

assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunications systems or operations could have a material adverse effect on TFA's clients, including preventing Betterment from trading, modifying, liquidating, and/or monitoring its clients' investments. In addition, clients should be aware of the risk of cyber-attacks and harm to technology infrastructure and data from misappropriation or corruption.

Due to TFA's and Betterment's interconnectivity with third-party vendors, central agents, exchanges, clearing houses, and other financial institutions, TFA and Betterment could be adversely impacted if any of them is subject to a cyber-attack or other information security event. Although TFA and Betterment take proactive measures and endeavor to modify them as circumstances warrant, their computer systems, software, and networks may be vulnerable to unauthorized access, issues, computer viruses or other malicious code, and other events that could have a security impact.

### **Algorithm Risk**

The use of algorithms to generate investment advice carries the risk that changes to an algorithm's code may not have the desired effect with respect to client accounts. While this risk increases if changes to the algorithms are insufficiently tested prior to implementation or are insufficiently monitored, even extensively tested changes and monitoring may not produce the desired effect over time. The algorithms used in the Transamerica ALPHA program are based on a number of assumptions, which may have inherent limitations and may not prove to be accurate. The algorithms used might rebalance client accounts without regard to market conditions or on a more frequent basis than a client might expect. The algorithms also may not address prolonged changes in market conditions.

Algorithms may not perform as intended for a variety of reasons, including but not limited to incorrect assumptions, changes in the market, and/or changes to data inputs. Betterment may modify periodically these algorithms, or a computer system's code or underlying assumptions, and these changes may have unintended consequences. Additional information regarding relevant considerations for clients considering an automated digital investment advisory program (sometimes referred to as "robo advisor") is contained in the Investor Bulletin from the Securities and Exchange Commission available at [Investor Bulletin: Robo-Advisers | Investor.gov](https://www.investor.gov).

### **Investment Risk**

Every ETF is run by a manager who is making decisions on which stocks and bonds to buy and sell. These securities can lose money causing the ETF to lose money.

### **Operation Risk**

Every ETF is an investment company that is run by an adviser and a board of directors that is responsible for managing the funds' operations and following the laws and regulations relevant to ETFs. The managers of the fund companies may commit fraud, malfeasance, or simply make bad decisions that result in higher expenses for the funds' investors, mistaken calculations of the fund's' true value, or losses of fund assets.

### **Interest Rate Risk**

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market value to decline, and vice versa.

### **Market Risk**

The price of investments in advisory accounts may drop in reaction to tangible or intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

Economies and financial markets throughout the world are increasingly interconnected. Economic, financial, or political events, trading and tariff arrangements, terrorism, war, global conflicts, epidemics, pandemics, technology and data interruptions, natural disasters, and other circumstances in one country or region could be highly disruptive to, and have profound impacts on, global economies or markets. During periods of market disruption, the underlying investments' exposure to the risks described elsewhere in this section will likely increase. As a result, whether investments are in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of investments may be negatively affected. Also, liquidity of individual investments, or even entire market segments, can deteriorate rapidly, particularly during times of market turmoil, making those investments more difficult, or impossible, to trade.

### **Inflation Risk**

When any type of inflation is present, a dollar today will not buy as much as a dollar last year, because purchasing power erodes at the rate of inflation.

### **Currency Risk**

Overseas investments can be subject to fluctuations in the value of the investment in U.S. dollars, which are due to fluctuations in the currency of the investment's originating country.

### **Reinvestment Risk**

Future proceeds from investments may be reinvested at a potentially lower rate of return (i.e.,

interest rate).

### **Business Risk**

These risks are associated with a particular industry or a particular company within an industry.

### **Financial Risk**

Excessive borrowing to finance a business's operations increases the risk of bankruptcy because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or declining market value.

### **Fixed Income Risk**

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate, credit, and market risk, which could reduce a client's yield. These risks may occur from fluctuations in interest rates, a change in an issuer's individual situation or industry, or general market events.

### **Credit Risk**

Changes in the financial condition of an issuer or counterparty, and changes in specific economic or political conditions that affect a particular type of security or issuer can increase the risk of default by an issuer or counterparty, which can affect a security or instrument's credit quality or value. Lower quality debt securities and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.

### **Foreign Risk**

Foreign securities are subject to interest rate, currency exchange rate, economic, regulatory, and political risks, all of which may be greater in emerging markets. These risks are particularly significant for securities that focus on a single country, region, or emerging markets. Foreign markets may be more volatile and can perform differently than U.S. markets. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates may also be extremely volatile.

### **Tactical Asset Allocation Risk**

Tactical asset allocation is an investment strategy that actively adjusts a strategy's asset allocation. A strategy's tactical asset management discipline may not work as intended. A strategy may not achieve its objective and may not perform as well as other strategies using other asset management styles, including those based on fundamental analysis (a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other factors) or strategic asset allocation (a strategy that involves periodically rebalancing the fund in order to maintain a long-term goal for asset allocation). This

strategy may not work as intended. The sub-adviser's evaluations and assumptions in selecting underlying funds or individual securities may be incorrect in view of actual market conditions and may result in owning securities that underperform other securities. The management process might also result in a strategy having exposure to asset classes, countries or regions, or industries or groups of industries that underperform other management styles. In addition, a strategy's risk profile with respect to particular asset classes, countries and regions, and industries may change at any time based on the sub-adviser's allocation decisions.

### **Tax Risk**

Securities in the investment strategy may be bought and sold without regard to a client's individual tax ramifications, and so portfolio turnover could cause the client to incur tax obligations that negatively affect the after-tax return.

### **Transamerica ALPHA Additional Risks**

In addition to the risks described above, Transamerica ALPHA involves additional risks due to its automated nature and reliance on the Algorithm and technology systems:

- *Reliance on Electronic Communications and Delivery.* Services provided are primarily online and communications concerning the program are intended to occur primarily through electronic means including but not limited to email communications or through the Transamerica ALPHA website, although TFA IARs will be available to discuss investment strategies, objectives, or your accounts in general in person or via telephone. As set forth in the Client Services Agreement, clients consent to the electronic delivery of all current and future Form ADVs, Brochure supplements, privacy notices, prospectuses and offering documents, tax forms and other legal and regulatory notices, disclosures, reports, and other communications.
- *Third Party Account Access.* Clients have the ability to allow the program to access information for any accounts held with third party financial institutions, such as a brokerage firm ("Third Party Account Information"). To use this feature, clients must log into their account. If clients authorize access to Third Party Account Information, they expressly permit TFA, their TFA IAR, and Betterment to access Third Party Account Information in connection with the services provided. Clients using the Managed Service can disable this feature and access to Third Party Account Information at any time.
- *Limitations of Transamerica ALPHA.* Advice provided by TFA, TFA IARs, and Betterment is not intended to comprise all of a client's investable assets to the extent that a client has investible and invested assets held in ERISA Plans, or other accounts that the client (or his or her spouse or spousal equivalent) has not transferred into the account. In addition, advice is generally limited in scope to the information that clients provide to their TFA IAR

and Betterment. There may be additional information or other financial circumstances not considered by TFA, TFA IARs, and Betterment based on the questions asked at the time a client establishes their investment objective. Clients should contact their TFA IAR to discuss any such additional information or other financial circumstances that they believe may be relevant to the advice provided through the program and with any changes to information that client has previously provided.

- *Reliance on Technology; Back-up Measures; Cyber Security Breaches and Identity Theft.* The program's investment activities and investment strategies are dependent upon various computer and telecommunications technologies, many of which are provided by or are dependent upon third parties such as the Aggregation Vendor, data feeds, data center, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities provided by TFA, TFA IARs, and Betterment on behalf of its users and clients, could be severely compromised, damaged, or interrupted by system, network or component failure, computer and telecommunications failure, power loss, a software-related "system crash," unauthorized system access or use (such as "hacking"), computer viruses and similar programs, other security breaches, fire or water damage or other catastrophic events, power outages, human errors in using or accessing relevant systems, or various other events or circumstances. It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that compromises, interrupts, or renders inoperable such systems or operations could have a material adverse effect on clients, including by preventing Betterment from trading, modifying, liquidating, and/or monitoring its clients' investments. In the case of events that compromise, interrupt, or render inoperable systems or operations of Betterment, hopes to resume trading, modifying, liquidating, and/or monitoring its clients' investments relatively promptly, subject to any circumstances that are outside the control of TFA and/or Betterment. In the case of severe business disruptions (e.g., regional power outage or loss of personnel), TFA and/or Betterment may not resume such activities for one or more business days because (among other things) such resumption is dependent on other critical business constituents, such as brokers and exchanges, and on the nature of the disruption. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time, or cease to function properly, TFA, and/or Betterment may have to make a significant investment to fix or replace them. Although the foregoing reflects TFA's objectives, designs, and/or plans, no assurance can be given that these objectives, designs, and/or plans will be realized, or that TFA and/or Betterment would be able to resume operations following a business disruption. In addition, the failure of these systems and/or of disaster recovery plans for any reason could result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including users' or

clients' personal information. Such a failure could harm TFA, TFA Advisors, or Betterment, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

### **Disciplinary Information**

TFA is both a broker-dealer and a federally registered investment adviser. In the last ten years, TFA has had three material disciplinary events. Two events involve actions brought by the SEC and one involves an action brought by FINRA.

### **SEC Proceedings**

- On March 11, 2019, the SEC signed an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease- and-Desist Order ("Order") relating to TFA's disclosure of its mutual fund share class selection practices and the 12b-1 fees TFA and its associated persons received. Specifically, the SEC alleged that TFA failed to adequately disclose in its Form ADV or elsewhere the conflicts of interest related to a) its receipt of 12b-1 fees and/or b) its selection of mutual fund share classes that pay such fees. TFA self-reported this matter to the SEC pursuant to the SEC Division of Enforcement's Share Class Selection Disclosure Initiative.

TFA settled this matter with the SEC. TFA agreed to a censure, to pay disgorgement of \$5,364,292.04 plus \$658,780.64 in interest, and to cease and desist from violating certain securities laws and regulations. The disgorgement and interest were paid to a Distribution Fund ("Fund") for distribution to investors who purchased or held 12b-1 fee paying share class mutual funds in advisory accounts when a lower-cost share class of the same fund was available to the client. The Order states that these investors are to receive from the Fund the 12b-1 fees attributable to the investor during the relevant period, plus interest, subject to a de minimis threshold.

The foregoing is only a brief summary of the Order. A copy of the Order is available on the SEC's website at [www.sec.gov](http://www.sec.gov).

- On August 27, 2018, the SEC settled public administrative Cease-and-Desist proceeding naming TFA and certain of its affiliates ("Order"). As to TFA, the Order relates to, among other things, errors in certain models used by TFA in its Transamerica I-Series® and Transamerica® ONE programs. The Order also states that the parties failed to make appropriate disclosures regarding these matters. In addition, the Order states that the parties failed to have adequate policies and procedures. The models at issue in the case were managed by an affiliate, AEGON USA Investment Management, LLC ("AUIM") and by F-Squared Investments, Inc. ("F-Squared"). The models managed by AUIM were the Global Tactical Allocation - Conservative, Global Tactical Allocation- Balanced, Global Tactical Allocation - Growth, Tactical Fixed Income, Global Tactical Income and Global Tactical Rotation models. The models managed by F-Squared were the AlphaSector Rotation Index,

AlphaSector Premium Index and World Allocator Premium Index. These strategies are no longer offered by TFA and neither AUIM nor F- Squared currently provide model management services to TFA. The strategies developed by AUIM and F- Squared were offered by TFA in the Transamerica I-Series® and Transamerica® ONE programs between 2011 and 2015. TFA settled this matter with the SEC. TFA agreed to a censure, to pay a penalty of \$800,000, to pay disgorgement of \$1.7 million plus \$258,162 in pre-judgment interest, and to cease and desist from violating certain securities laws and regulations. The disgorgement, interest and penalties were paid to a Fair Fund (“Fund”) for distribution to affected investors who purchased or held an interest in the AUIM and F- Squared strategies in the Transamerica I-Series® and Transamerica ONE programs from July 2011 through June 2015. The investors received an amount from the Fund related to the pro rata fees and commissions paid by them during that period, plus interest, subject to a de minimis threshold.

In accepting the settlement, the SEC considered the substantial cooperation and the remedial efforts of TFA and its named affiliates. In the Order, the SEC acknowledged that, after the start of the SEC staff’s investigation but before the settlement, TFA and the named affiliates had voluntarily retained a compliance consultant to conduct a comprehensive independent review of certain compliance policies and procedures, internal controls and related procedures, and that the consultant’s written findings had been received and proposed changes implemented. The SEC also acknowledged that, in advance of receiving recommendations from the independent compliance consultant, TFA and its affiliates had already begun making revisions and improvements to their compliance policies and procedures. The SEC also considered that TFA and its affiliates retained an independent compliance consultant for further reviews.

The settlement does not impose any restrictions on the business of TFA.

The foregoing is only a summary of the Order. A copy of the Order is available on the SEC’s website at <https://www.sec.gov>.

### **FINRA Proceedings**

- On December 21, 2020, TFA and FINRA entered into a Letter of Acceptance, Waiver and Consent in which TFA agreed to settle alleged FINRA rule violations. TFA consented to the sanctions and to the entry of findings that it failed to reasonably supervise its representatives’ recommendations of three different products – variable annuities, mutual funds and 529 Plans. TFA was censured, fined \$4,400,000 and required to pay \$4,354,160 in restitution to customers. A copy of this Order is available on FINRA’s website at [www.finra.org/rules-guidance/oversight-enforcement/finra-disciplinary-actions-online](http://www.finra.org/rules-guidance/oversight-enforcement/finra-disciplinary-actions-online).

### **Other Financial Industry Activities and Affiliations**

TFA is a member of the Transamerica group of companies. Most of TFA’s IARs, members of management, and Investment Committee members are also registered with TFA’s affiliated broker-

dealer. In addition, the majority of TFA's IARs are affiliated with World Financial Group Insurance Agency, Inc. ("WFGIA"), an affiliated insurance agency.

TFA makes available variable universal life insurance products, variable annuities, registered index-linked annuities, mutual funds, 529 plans, ETFs and unit investment trusts ("UITs") issued by companies affiliated with TFA ("Affiliated Products"). When clients purchase Affiliated Products, TFA and/or its affiliates receive additional fees or compensation that are not received for the sale of non-affiliated products. As a result, TFA has a financial incentive to recommend Affiliated Products over similar non-affiliated products. Affiliated Products may also be accessed through third-party money managers ("TPMMs") or model managers used in TFA advisory programs.

TFA has contractual relationships with TPMMs that are independent investment advisers offering fee-based advisory programs. These relationships were described in Item 4. These TPMMs are not affiliated with TFA. TPMMs share a portion of the advisory fees paid by clients with TFA, which creates conflict of interest because TFA has an incentive to recommend TPMMs that compensate TFA. In some cases, the cost of these arrangements may be higher than other advisory options.

Some of the insurance and annuity products and mutual funds that TFA makes available are Affiliated Products. Affiliated Products are issued by one of our affiliated companies. In addition to any commission associated with purchasing the product, TFA and/or our affiliates receive additional fees and compensation related to Affiliated Products that TFA does not receive in connection with non-affiliated products. Many of these products can be purchased by the various TPMMs or Model Managers available in TFA's programs. Because TFA and/or our affiliates make additional money when TFA and IARs sell Affiliated Products, TFA has an incentive to recommend these Affiliated Products over similar non-affiliated products. TFA mitigates this conflict by supervising all recommendations made by IARs.

TFA has contracts with TPMMs that are also investment advisers offering fee-based advisory programs. These relationships were described in Item 4. These TPMMs are not affiliated with TFA, and they pay TFA a portion of the fees clients pay to them. This is considered a conflict of interest. The cost of placing client's assets with one of these TPMMs may be higher than placing the assets in another advisory account.

TFA offers access to securities backed lending programs through third party lenders. TFA receives compensation from the lending sponsors, which creates a conflict of interest. Please refer to Item 4 for a description of these conflicts and related risks.

TFA offers a bank deposit sweep program as its default option for uninvested cash in your accounts. TFA receives compensation from the banks involved in the program. Please refer to Item 4 for a description of the conflicts related to this program.

## **Affiliates Under Common Control with AEGON Ltd.**

TFA and the following entities are indirect, wholly owned subsidiaries of AEGON Ltd.

### **Broker-Dealers**

- Transamerica Investors Securities Corporation
- Transamerica Capital, LLC ("TCL")

TCL serves as principal underwriter and wholesale distributor for certain variable annuity and life insurance products issued by affiliated insurance companies. TFA receives compensation under selling agreements for these products, creating a conflict of interest.

### **Investment Company**

- Transamerica Asset Management ("TAM")

TAM offers insurance products through affiliated insurance companies which contain shares of the Transamerica Series Trust and/or Transamerica Partners Funds, both of which are affiliated investment companies. TFA receives compensation from these sales.

### **Registered Investment Advisers**

- Transamerica Asset Management, Inc. ("TAM")
- AEGON USA Investment Management, LLC ("AUIM")
- Transamerica Retirement Advisors, Inc. ("TRA")

### **Other Affiliated Companies**

TFA has material relationships with certain product sponsors, including affiliated insurance companies and agencies. In its broker-dealer capacity, TFA receives revenue-sharing compensation when clients purchase products through these sponsors.

Current revenue-sharing arrangements and sponsoring companies are disclosed on TFA's website at [www.tfaconnect.com](http://www.tfaconnect.com) under Indirect Compensation Disclosure and Sponsoring Companies List.

- Transamerica Retirement Solutions, LLC Transamerica Retirement Solutions, LLC ("TRS")  
TRS is a retirement services firm offering a range of services, including recordkeeping, participant education and communications, Plan design, Plan testing, general ERISA, and IRS compliance.
- WFG Securities of Canada (WFGS)  
WFGS offers mutual funds and referral arrangements in Canada.

Affiliated insurance companies and agencies include:

- Transamerica Premier Life Insurance Company
- Transamerica Life Insurance Company
- Transamerica Financial Life Insurance Company
- World Financial Group Insurance Agency, Inc.
- World Financial Group Insurance Agency of Hawaii, Inc.
- World Financial Group Insurance Agency of Massachusetts, Inc.
- WFG Insurance Agency of Puerto Rico, Inc.
- World Financial Group Insurance Agency Canada Inc.

### **Conflict Management**

The affiliations described above create financial incentives to recommend certain affiliated products or services. TFA addresses these conflicts through disclosure and supervisory oversight of recommendations made by its IARs.

IARs may also be licensed insurance agents and offer fixed insurance products through these affiliated agencies. When clients purchase fixed insurance products, the affiliated agencies receive commission compensation.

### **Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

TFA has adopted a Code of Ethics ("Code") designed to ensure that TFA meets its fiduciary obligation to clients and our prospective clients, that TFA conducts its advisory services with the highest level of ethical standards, and that TFA instills a culture of compliance within our firm.

The Code applies to TFA Access Persons, defined as TFA IARs, directors, officers, and other persons who are subject to TFA's supervision. It is distributed to Access Persons at the time of becoming an Access Person and annually thereafter. Access Persons must acknowledge their understanding of and agreement to abide by the Code. TFA supplements the Code with annual training and ongoing monitoring of the activity of Access Persons.

TFA's Code outlines the duties of Access Persons, including requirements to:

- maintain TFA's reputation as a firm that operates with the principles of honesty, integrity, and professionalism;
- comply with applicable federal and state securities laws;
- read, know, understand, and follow all policies and procedures prescribed by TFA manuals, bulletins, or supervisory directives;
- cooperate with any investigation or inquiry conducted or authorized by TFA Management and/or Supervisory Personnel;
- follow TFA's Privacy Policy and related procedures; and
- report personal securities transactions by obtaining approval for outside brokerage

accounts and reporting such accounts as described in the Code.

Additionally, the Code prohibits Access Persons from actions such as:

- purchasing or selling securities for their own accounts or others while in the possession of information which might be considered “insider” (material, non-public) information or discussing the information with a third party;
- participating in any Initial Public Offering or Private Securities Transaction; and
- accepting or offering inappropriate and/or excessive gifts, favors, entertainment, special accommodations, or other things of material value.

Any Access Person not complying with these guidelines may be subject to disciplinary action up to and including termination.

Clients may request a complete copy of our Code by contacting TFA at the address or telephone number displayed on the cover page of this Brochure.

### **Review of Accounts**

Transamerica ALPHA’s investment tools are designed to provide clients with continuous access to account information through Betterment’s online interface. Clients can utilize various tools on the interface to review their account and better understand their holdings and performance information. Clients also receive periodic emails from Betterment with information about their accounts as well as links to account statements.

Betterment’s algorithms continuously review clients’ accounts to ensure their portfolios are within a set range of their allocation. If a client’s portfolio deviates from this range, Betterment will rebalance such portfolio back to its target allocation in certain circumstances.

Furthermore, Betterment monitors accounts to determine whether a client is on or off track to meet particular goals or whether, in Betterment’s judgment, the client’s chosen allocation is too aggressive or conservative for a goal and indicates the result of that monitoring through the online interface.

IARs will contact advisory clients at least annually to determine whether the account continues to align with the client’s investment objectives and financial circumstances.<sup>7</sup>

Clients are also directed, on at least a quarterly basis, to update their information via the online interface.

### **Client Referrals and Other Compensation**

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<sup>7</sup> With the exception of Transamerica ALPHA Standard Service Model accounts.

## **Registration Arrangements**

Many of TFA's IARs are also Registered Representatives of TFA's broker-dealer. If an IAR is also a TFA Registered Representative, they may recommend that clients place securities transactions through TFA's broker-dealer. These transactions could include, but are not limited to, the purchase or sale of variable universal life insurance products, variable annuities, registered index-linked annuities, mutual funds, 529 plans, ETFs, and UITs. All sales charges and expenses are disclosed in the product prospectus, which clients will receive at or before the time of the purchase of the product.

## **Marketing Compensation Arrangements**

Each of the TPMMs, Portfolio Managers, or other service providers may attend, contribute to, or sponsor education and training meetings for our IARs. TPMMs, Portfolio Managers, or other service providers may reimburse TFA for up to 100% of the cost of these meetings. These contributions and reimbursements create a conflict of interest because meeting sponsors have more opportunities to provide IARs with education on investments, their investment management services, industry trends, and other issues; and because TFA benefits from these contributions and reimbursements.

## **Other Compensation Arrangements**

If an IAR is associated with WFGIA, they are permitted to participate in award and incentive programs sponsored by WFGIA in which they could qualify to receive trips, promotions, or non-cash compensation based on their volume of fixed insurance sales. These events may influence their decision to recommend particular fixed insurance products to clients.

Some IARs may participate in incentive trips and receive other forms of non-cash compensation based on the amount of their sales and services through TFA or product providers. To the extent an IAR participates in an incentive trip or receives other forms of non-cash compensation, a conflict of interest exists in connection with the IAR's recommendation of products and services for which they receive these additional economic benefits. TFA allows IARs to receive marketing reimbursements from product providers to help defray these expenses. TFA does not require or have any expectation that IARs refer clients to or place assets with such providers. TFA monitors recommendations made by its IARs to ensure that they are in each client's best interests.

TFA receives revenue sharing compensation from a third-party lender when its clients engage in securities backed lending. TFA also receives fees from its arrangement with its Bank Deposit Sweep Program sponsor. Such arrangements create conflicts of interest which we disclose to clients and manage through TFA's policies and procedures.

## **Financial Information**

To the best of TFA's knowledge, TFA is not aware of any financial condition that is reasonably likely to impair TFA's ability to meet contractual commitments to clients.

TFA has not been the subject of a bankruptcy petition at any time, including the past ten years.